

# Montana Advocates for Children

DATE 2/3/2011  
HB \_\_\_\_\_

## Child Care Market Rate Information

### History of Child Care Market Rate Survey in Montana

- From the very beginning, the Federal Child Care Bureau recommended that states conduct an annual market rate survey to establish reimbursement rates for child care providers.
- Montana acted on this suggestion from the very start as a basis for establishing child care rates. District child provider rates are set by survey results in 11 multi-county districts. Scholarship rates for families are based on the 75<sup>th</sup> percentile of the Market Rate.
- An annual Market Rate Survey is included in the State Child Care Plan.

### The early childhood industry is both good for business and vital to Montana's economy.

- Early care and education in Montana generates \$143.4 million annually and provides more than 6,600 full-time jobs. Child care businesses are crucial small businesses throughout the state; child care services allow parents to work and stay off public assistance.
- Child care businesses benefit all industries throughout Montana by enabling parents to work, attend school or training, which ensure a well-prepared and ready workforce.
- A ready workforce is critical for Montana's future economic success.

### Quality Early Care and Education is a foundation of a ready workforce in Montana.

- The brain develops most rapidly in the first five years. Quality early care and education is the foundation of success in school, work, future earnings, and interpersonal relationships.
- Child care helps children get ready to succeed in school.
- The Statewide Workforce Investment Board has made the early care and education industry one of their top three priorities.
- Quality early care and education programs boost success in K-12 and are an important part of Montana's education system.

### How are child care market rates different than other provider rates?

- Providers such as psychiatrists, physicians, licensed counselors, social workers, hospitals, nurses, and certified nursing assistants earn more than child care providers and often work in a larger umbrella agency that offers a benefit package.
- A child care provider struggles to make a living wage and without the help of an annual rate increase based on a current market survey, it is difficult to provide services for families with low incomes, enrolled in the Best Beginnings Scholarship program.
- If current child care market rate is not implemented, providers may be forced to take only private pay children and deny many working families access to child care or close their businesses because they cannot meet payroll and other expenses.

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Montana Advocates for Children is a Partnership among:  
MT Association for the Education of Young Children\* MT Child Care Association  
MT Head Start Association \* MT Child Care Resource & Referral Network

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# Montana Advocates for Children

## 2011 Legislative Agenda

1. **We support conducting an annual Market Rate Survey and annually updating child care reimbursement rates to:**
  - Stabilize small child care businesses by providing cost of living increases and encouraging providers to improve the quality of care and education.
  - Assure that low income families have equal access to high quality child care services at 75% of the available child care facilities. High quality care is critical for the development and school readiness of young children at risk due to poverty. Additionally, this allows parents to remain in the workforce.
2. **We support revision to the Montana Child Care Act to allow streamlined Best Beginnings Child Care Scholarship eligibility processing for families receiving Supplemental Nutrition Assistance Program (SNAP). (HB 2, DP5516)**
  - Information exists in the state computer system that is necessary for both child care scholarships and SNAP. Creating a link between these two programs will reduce paperwork, making it easier for families to apply for child care scholarships and easier for eligibility workers to process the applications. This will save administrative costs.
  - The provision to allow SNAP recipients a 12-month eligibility period rather than 6-months will also save administrative funds and ease the process for families.
3. **We support enforcement of seat belt and child safety seat laws as a primary offense. (SB 82)**
  - Montana is the only state in the nation with secondary child safety seat laws. Drivers must be stopped for other offenses before being cited for seat belt or child safety seat offenses.
  - Primary enforcement allows officers to stop drivers who are not wearing seat belts or have children in their vehicles that are not properly secured. It increases use and saves lives.
4. **We support full funding for Healthy Montana Kids (HMK).**
  - Access to health care services for low-income children is essential to build the foundation of lifelong health.
  - Many working parents earning low incomes do not have health care benefits for their dependents and cannot afford to purchase health insurance.
  - When uninsured individuals must access medical services, particularly emergency or urgent care, it drives up the cost of insurance premiums for businesses that offer health insurance benefits and individuals who purchase private insurance.

*Montana Advocates for Children is a coalition of state level professional organizations including Montana Association for the Education of Young Children, Montana Child Care Association, Montana Head Start Association, and Montana Child Care Resource & Referral Network.  
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# Investments in Early Childhood:

An essential industry that is both good for business and vital to Montana's economy



EXECUTIVE SUMMARY | MAY 2008

The early care and childhood industry is the care and education of children from birth through age eight, focusing on the developmental needs of young children and their families through a variety of settings including child care centers, preschools, Head Start, and family and group homes, outside of the public K-12 school system. Early care and education:

- Generates \$143.4 million annually and provides more than 6,600 full-time equivalent jobs
- Builds a ready workforce for the future, laying the groundwork for Montana's future economic success
- Benefits all industries throughout Montana by enabling parents—one of every ten workers—to work productively or attend school or training, which ensures a well-prepared and ready workforce for today
- Increases school readiness and improves K-12 outcomes
- Provides safe learning environments for some of the 68,400 children whose parents work; 64 percent of all young children have working parents

*Everyone benefits from Montana's early care and education industry. Building partnerships ensures that there is a high-quality and affordable early childhood system for all of Montana's families.*

# The early care and education industry enables future economic success in Montana

## Early care and education is a foundation of a ready workforce

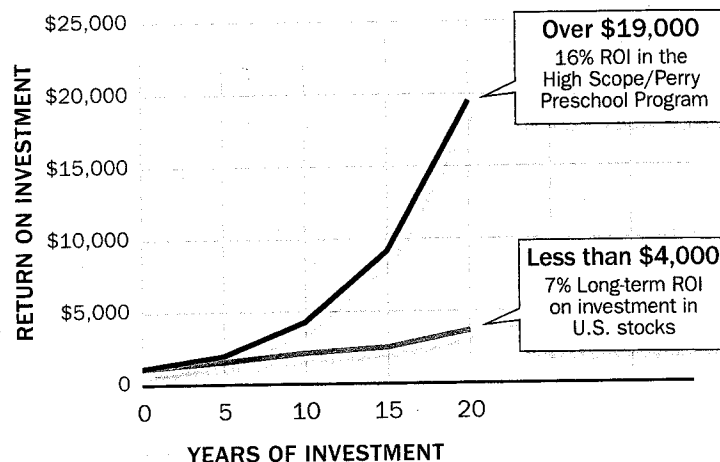
- In a survey, three-quarters of Montana's business leaders responded in a survey that early care and education is "extremely important" or "very important" in preparing children for school.
- Quality early care and education programs boost success in K-12, and are an important part of Montana's education system, which must meet the rigorous demands of a knowledge-based economy. Research shows that children in high-quality preschool settings show greater language development, mathematical ability, and thinking and attention skills in kindergarten than children in lower quality care settings.
- Long-term studies show that quality early childhood programs increase positive outcomes in adulthood, such as owning a home and having a job, and decrease negative outcomes, such as dropping out of high school and being arrested for violent crimes. Early care and education can help lower Montana's high school dropout rate.
- The availability and quality of early care and education hinge on two key factors: qualified and nurturing caregivers, and a safe and healthy, environment that is designed to help children at that age to learn effectively.

## Early care and education provides a positive rate of return on investments

- The research on quality programs shows that quality early childhood programs can save taxpayer dollars by decreasing the need for special education and lowering rates of juvenile delinquency, adult incarceration, and welfare participation. This also increases the quality of life for all citizens.
- The Federal Reserve Bank in Minneapolis analyzed rates of return from investing in a model early childhood program for low-income children. They found a 16 percent rate of return on investment—considerably higher than the long-term return from U.S. stocks of 7 percent (see Figure 3).

Figure 3

RETURN ON \$1,000 INVESTMENT, HIGH SCOPE/PERRY PRESCHOOL PROGRAM VS. U.S. STOCKS



Source: Rolnick and Grunewald, 2003. Both rates are adjusted for inflation.

*"Most montana businesses are small and do not have the advantage of delegating child care concerns to a human resource department. Consequently they may be unaware of available resources and how to access them. It is important that guides specifically geared to small businesses be distributed to them."*

— DAN MILES, Governor's State Workforce Investment Board and Summit Valley Title Company, Butte

*"On-site, reliable, convenient, high-quality and affordable child care acts as an attractive enticement tool during the recruitment process."*

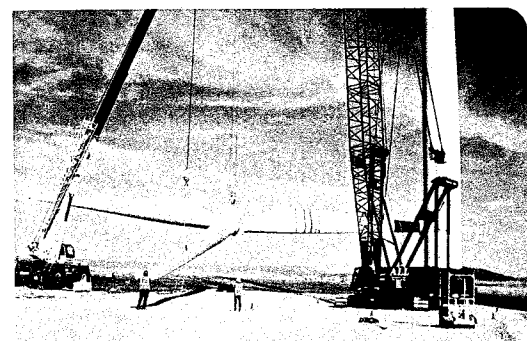
—JANE MORELL-HART, Coordinator of Pete's Place Child Care Center at St. Peter's Hospital, Helena





*"This topic is very much on the minds of the businesses in our area. We're exploring the idea of a coop facility...our local businesses are focusing on this more because it enables workers already in this market to get into the workforce."*

—JOE UNTERREINER,  
Kalispell Chamber of Commerce



*"...studies find that well-focused investments in early childhood development yield high public as well as private returns."*

—ARTHUR ROLNICK, Senior Vice President and  
Director of Research; AND ROB GRUNEWALD,  
Regional Economic Analyst, Federal Reserve  
Bank of Minneapolis



## *The early care and education industry is an economic driver in Montana*

### **Early care and education enables parents to be part of Montana's workforce and upgrade their skills**

- There are 55,000 workers in Montana who are also parents of children between birth and age eight. Together these parents earn more than \$2.2 billion every year. A strong early care and education system offers parents options for how they choose to balance the responsibilities of raising their children and providing for them.
- Funded early care and education programs on school campuses enable working parents to update their skills while their children are in quality educational environments. Research studies find that student parents who use available on-campus child care programs have higher grade point averages; are more likely to remain in school and graduate in fewer years; and have higher graduation rates than their campus counterparts. The Associated Students of the University of Montana run ASUM Childcare and Pre-School, allowing students to attend school, and faculty and staff to have access to quality child care. (<http://www.umt.edu/childcare/>)
- In a survey, six out of ten Montana business leaders report that child care is "very" or "extremely" important to help employees get to and be productive at work.

### **The early care and education industry supports employee productivity in many Montana work sectors**

- Parents of young children without safe, affordable options for caring for their children may leave their jobs, costing businesses money for recruitment and retraining and forcing them to lose skilled workers. Turnover costs for staff are over \$9,000 for employees earning \$8 per hour, and 150 percent of the salary of salaried employees. In a region with low unemployment like Montana today, turnover costs run even higher.
- More than one fifth of all unscheduled absences from work are due to family issues, costing businesses money and productivity. Offering options for parents with sick children reduces unscheduled absenteeism and saves businesses money.
- Stable early care and education encourages workers to focus on their jobs. **PrintingForLess.com** in Livingston offers child care benefits because in a company where even small losses in productivity are costly, it allows employees to focus on their jobs.
- Businesses with strong early care and education benefits are more prepared to recruit the best and brightest more easily. **St. Peter's Hospital** in Helena offers an on-site program in part to boost recruitment.
- Early care and education benefits help everyone. Employees without young children report that their work environment would improve if their employer offered early care and education benefits. Access to convenient and reliable early care and education is also an attractive benefit for employees without young children because they do not need to cover for their peers during unscheduled absences.
- There are early care and education options for employers of all sizes across all parts of Montana, such as flexible work hours, pre-tax spending plans, tele-commuting, and paid parental leave.

## About this report

This report was produced by the **Insight Center for Community Economic Development**, a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities. The Insight Center was formerly known as the National Economic Development and Law Center. Learn more about the Insight Center at [www.insightcced.org](http://www.insightcced.org).

This report is the result of a unique collaboration between the **Dennis and Phyllis Washington Foundation**, the **Montana Department of Public Health and Human Services Early Childhood Services Bureau**, the **Governor's Office of Economic Development**, and the **Governor's Education Initiative**. Together these partners formed a technical committee, who provided expertise around the data for this report. The Technical Committee included representatives from:

- The Center on Inclusion in Early Childhood
- Department of Public Health and Human Services, Early Childhood Services Bureau
- Montana Office of Public Instruction
- Developmental Disabilities Program, Community Services Bureau
- Governor's Office of Economic Development
- Montana Department of Labor and Industry, Research and Analysis Bureau
- Montana Early Childhood Project, Montana State University
- Montana Economic Development Association
- Montana Head Start Office
- Office of Governor Brian Schweitzer
- Governor's Office of Indian Affairs
- University of Montana, Bureau of Business and Economic Research

## INSIGHT

CENTER FOR COMMUNITY  
ECONOMIC DEVELOPMENT

## DENNIS & PHYLLIS WASHINGTON FOUNDATION

GOVERNOR BRIAN SCHWEITZER

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# Recommendations

Based on the findings in this report, there are three main areas in which Montanans can benefit from working together to strengthen the industry and its impacts. Partnerships by stakeholders have the potential to:

- Enhance the affordability and accessibility of quality early care and education.
- Improve the quality and sustainability of existing early care and education businesses.
- Increase the number of formal early care and education spaces available to parents and their children.

Within each of these broad recommendations, there are specific actions that businesses, community, governments (local, state, and tribal), and the early care and education industry itself can take to move Montana forward:

## What business can do:

- Become early care and education advocates to colleagues and in local, state, tribal, and national government.
- Promote federal, state, and tribal financing mechanisms, such as endowments or federal and state tax credits.
- Support quality improvement initiatives, such as Best Beginnings quality improvements.
- Support providers' education attainment, skills training, and compensation.
- Participate on local early care and education planning boards, such as School Readiness Community Teams, Early Learning Councils, Boards of local resource and referral agencies and non-profit providers.
- Support facilities development, renovation, and expansion through individual investment or supporting a funding pool.
- Incorporate early care and education into residential or commercial building development projects.
- Address employees' early care and education needs.

## What government can do:

- Implement a more comprehensive sliding scale of tuition assistance eligibility.
- Continue to boost providers' education and training attainment and increased compensation.
- Enhance relations between the State of Montana and tribal nations for the benefit of children.
- Educate others about the economic impact of early care and education.
- Increase public investment in quality initiatives, such as Best Beginnings quality initiatives at the Early Childhood Services Bureau.
- Link early care and education entrepreneurs to business development services, such as the Business Resources Division of the Montana Department of Commerce.
- Implement new federal, state, and tribal financing mechanisms, such as endowments or federal and state tax credits.
- Integrate early care and education into regional and local planning, such as the Big Sky Economic Development Trust Fund and the Montana Main Street Program.



*"Our Tribe offers a parenting education component to our child care block grant program. That is an investment in parents and children's well being"*

—TERESA WALL-McDONALD, Policy Analyst,  
Confederated Salish and Kootenai Tribes

## What the early care and education industry can do:

- Lower costs by making shared purchases through a consortium or trade association.
- Meet the market demand for care during non-traditional hours.
- Build public awareness about the economic importance of early care and education.
- Encourage educational attainment by early care and education workforce.
- Continue to boost providers' education attainment, skills training, and compensation.
- Integrate in-home providers into the early care and education industry.
- Join local economic development and downtown business boards and Chambers of Commerce.
- Increase the number of family child care home businesses.

# Early care and education is a vital part of Montana's education system

Early care and education includes a diverse array of programs in Montana that offer care and education to children between birth and age eight outside traditional public school (K-12) education. At a glance:

- Number of children between birth and age eight: **103,000, 11% of the Montana population**
- Number of children who live in families in which every parent works: **68,400 children, 64% of all children**
- Number of registered and licensed early care and education programs: **1,200**
- Number of slots of children provided by these establishments: **20,000**

These statistics show that less than one third of children with working parents can attend licensed and registered early care and education programs. Other families must find help from relatives or friends, in-home providers, or adjust work schedules so they can care for their children.

*Early care and education is a significant industry in Montana*

The early care and education industry generates \$143.4 million annually in gross receipts—the total amount of dollars flowing into the sector in the form of payments for care, including both parent fees and private and public investments. (see Figure 1)

Early care and education directly supports more than 6,600 jobs, employing more people than all nursing care facilities and nonresidential building construction. (see Figure 2)

*"Businesses are having a hard time finding, and keeping, good employees. Each time we lose an employee due to childcare issues, we have lost a significant investment in time and training. It make sense for us to be creative and find ways to keep our good employees."*

— DALE MAHUGH, Montana Early Childhood Advisory Council Chair and NorthWestern Energy

The effects of early care and education ripple through the economy, creating an additional \$126.2 million and 3,570 jobs because early care and education businesses and workers make local purchases, further boosting Montana's economy.

Figure 1

## 2007 GROSS RECEIPTS OF VARIOUS INDUSTRIES IN MONTANA

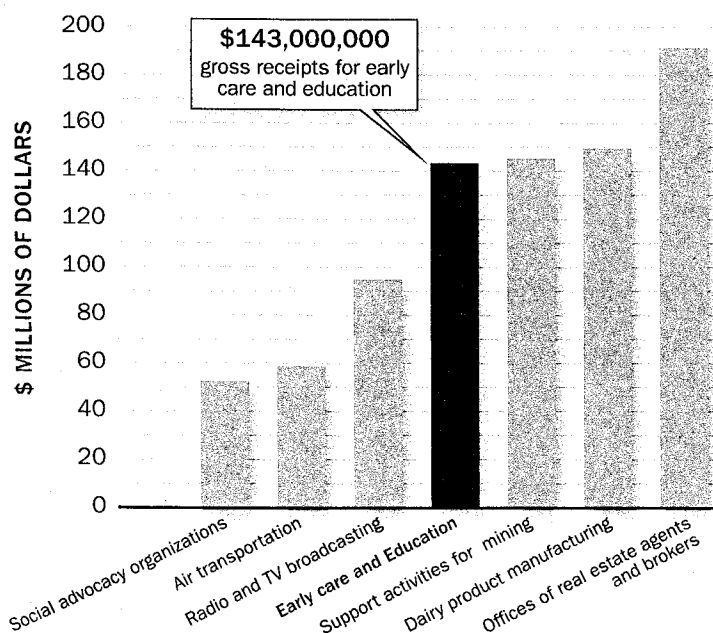


Figure 2

## 2007 DIRECT EMPLOYMENT BY VARIOUS INDUSTRIES IN MONTANA

